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ABSTRACT

This report describes the 1966 amendments to the Fair Labor Standards Act and summarizes the findings of three 1969 studies of the economic effects of these amendments. The studies found that economic growth continued through the third phase of the amendments, beginning February 1, 1969, despite increased wage and hours restrictions for recently covered workers and an extension of coverage to smaller firms. Total nonagricultural employment rose in 28 of 32 months between 1967 and 1969. Price changes in the South, where the minimum wage has had the greatest impact, were not significantly different from price changes elsewhere, implying that price changes were not due to the minimum wage. The report concludes that changes in the minimum wage have not had an adverse effect on the economy. (BH)

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Economic Effects Studies

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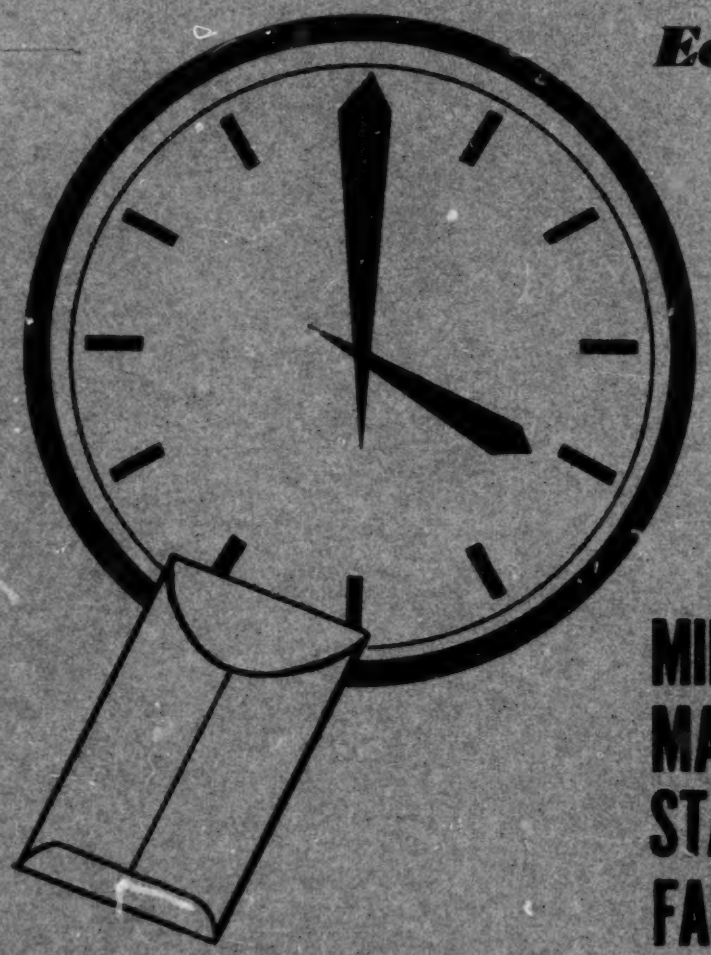

MINIMUM WAGE AND MAXIMUM HOURS STANDARDS UNDER THE FAIR LABOR STANDARDS ACT

Submitted to the Congress – 1970

VT012027

U.S. DEPARTMENT OF LABOR
Wage and Labor Standards Administration
Wage and Hour and Public Contracts Divisions

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Letter of Transmittal

Washington, D.C., January 30, 1970

The Honorable the PRESIDENT OF THE SENATE
The Honorable the SPEAKER OF THE HOUSE OF REPRESENTATIVES

Sirs:

I have the honor to present herewith the January 1970 report pertaining to fair labor standards in employments in and affecting interstate commerce, as required by section 4(d) of the Fair Labor Standards Act of 1938, as amended.

Respectfully,

George P. Shultz
Secretary of Labor

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by the
Secretary of Labor

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Report to the
Ninety-First Congress
by the
Secretary of Labor

The submission of this report coincides with the implementation of the fourth phase of the 1966 amendments to the Fair Labor Standards Act. 1/ On February 1, 1970, the minimum wage will go from $1.30 to $1.45 an hour for 9.7 million nonsupervisory employees. For 35.4 million workers covered by the Act prior to the 1966 amendments and .7 million Federal government employees, the minimum wage will remain at $1.60 an hour--the level in effect since February 1, 1968. For one-half million farmworkers, the minimum wage will remain at $1.30 an hour. The increase in the minimum wage to $1.45 an hour, effective February 1, 1970, will directly improve the earnings of an estimated 2.1 million nonfarm workers who are currently paid less than that amount. The annual wage bill of the newly covered segment will be increased by about half a billion dollars, or one percent.

Section 4(d) of the Fair Labor Standards Act directs the Secretary of Labor to submit annually to the Congress a report containing "an evaluation and appraisal by the Secretary of the minimum wages established by this Act, together with his recommendations to the Congress." During the past year, major surveys made for this purpose include nationwide surveys of wages and hours of work in educational institutions and non-Federal hospitals, two newly covered relatively low-wage industries, and a comprehensive study of the overtime exemptions currently available under the Act to handlers and processors of agricultural commodities.

The educational institution and non-Federal hospital studies showed that employment increased over a period spanning the effective date of the $1.30 minimum. Wage adjustments in educational institutions were mostly confined to bringing workers paid below the new minimum up to the $1.30 level. In hospitals, relatively few workers were earning within the $1.30-$1.35 minimum wage interval one month after the effective date of the $1.30 minimum wage.

The $1.45 minimum wage will require a wage bill increase of 1.0 percent in educational institutions, somewhat greater than the impact of the $1.30 minimum. In hospitals, the estimated 0.3 percent wage bill increase required by the $1.45 minimum is lower than the 0.4 percent increase required by the $1.00 minimum. In both industries, the highest impact is in the South, where wages are generally the lowest. Overall, it can be stated that the educational and hospital sectors

1/ This report was prepared in the Office of Research and Legislative Analysis, Wage and Hour and Public Contracts Divisions under the direction of Jack I. Karlin.

have had little evident difficulty adjusting to the minimum wages established by the 1966 amendments.

The study of the overtime exemptions available to the agricultural handling and processing industries indicates the need for re-appraising the favored position which has long been given these industries through exemption from the 40-hour maximum workweek standard. It is my recommendation that the exemptions currently available under sections 7(c), 7(d), 13(b)(14), (15) and (16) be phased out.

One of the major goals of this Administration is to get people off the welfare rolls and on to payrolls. Once having achieved that, unless the worker receives the minimum wage he is more likely to fall back on the welfare rolls. Accordingly, the vital and meaningful role of the Wage and Hour Division continues to be the vigorous and effective enforcement of the FLSA to insure that employees receive at their work places those rights which the Congress had intended for them.

THE 1966 AMENDMENTS TO THE FAIR LABOR STANDARDS ACT - PHASE III

The third phase of the 1966 amendments to the Fair Labor Standards Act became effective on February 1, 1969. The third phase provided for an increase in the minimum wage for newly covered employees from $1.15 to $1.30 an hour, lowering the weekly overtime standard from 42 hours to 40 and lowering the annual dollar volume test for enterprise coverage from $500,000 to $250,000.

For the 35.4 million employees in activities covered by the act prior to 1966, no further changes in labor standards were required. For 8.9 million newly covered employees, primarily in retail trade and the service industries, the minimum wage was raised 15 cents an hour to $1.30, and 1.8 million workers had to be given wage increases which amounted to $375 million annually. An additional 1.5 million employees in enterprises with gross annual sales of between $250,000 and $500,000, for whom effective minimum wage coverage was delayed, also became subject to the $1.30 an hour minimum wage in February 1969, and 328,000 of them were required to be given wage increases amounting to $130 million.

On February 1, 1970, when the Federal minimum wage becomes $1.45 an hour, 2.1 million nonfarm workers newly covered by the 1966 Amendments will be required to be given wage increases amounting to $486 million annually. Cumulatively, through February 1, 1970, the 1966 Amendments have been responsible for over 16 million wage increases amounting to $4.4 billion dollars annually.

Employment

There was continued economic growth during the period covering the third phase of the minimum wage and maximum hours standards established by the Fair Labor Standards Amendments of 1966. Total employment on nonagricultural payrolls (seasonally adjusted) rose in 28 out of the 32 consecutive months between January 1967 and September 1969. In the most recent 12-month period, employment climbed 3.2 percent, from 68.2 million in September 1968 to 70.4 million in September 1969. Employment rose in all major nonagricultural industry divisions in the 12-month period between September 1968 and September 1969. In the retail, services, and State and local government sectors--where the minimum wage had its greatest impact in 1969, since only newly covered workers were slated for Federal minimum wage increases--employment rose substantially.

While employment of the noninstitutional population continued to show moderate strength throughout the first eleven months of 1969, the overall unemployment rate (seasonally adjusted) moved up somewhat from the

post-Korean low of 3.3 percent recorded in the December 1968-February 1969 period. The adjusted rate of unemployment ranged between 3.3 and 3.7 percent between January 1968 and August 1969, rose to 4 percent in September when the decline in agricultural employment more than offset the increase in nonagricultural employment, and then dropped back to 3.4 percent in November 1969.

Field Reports on the Effects of the 1966 Amendments

Under the Wage and Hour and Public Contracts Divisions' research program to measure the effects of the 1966 amendments to the Fair Labor Standards Act, more than 1,000 field employees--engaged generally in Wage and Hour investigative activity in over 100 cities in the 50 States and Puerto Rico--were instructed to report to the National Office allegations of economic effects due to the amendments. These allegations could come from such sources as interviews during investigations, periodical or newspaper articles, or telephone calls or visits to Wage and Hour area offices. No attempt was made to design a representative sample of establishments subject to the new standards. In fact, reporting of adverse effects was emphasized, thereby introducing a bias in the results. Accordingly, the results of this study are not subject to projection and are intended only as general indications of the nature of business adjustments due to the amendments.

Uniform reporting procedures were developed to facilitate tabulating the adjustments reported. Field employees were instructed to report all allegations or comments whether made by employees, employers, trade union representatives or business leaders. The reports also included adjustments which were planned as well as those which had been completed. The only limitation on reporting planned or completed adjustments was that the adjustments had to relate to identifiable establishments. Whenever reports indicated plant closings or employee layoffs, follow-up reports were requested to verify such adjustments.

Between September 1, 1968 and August 30, 1969, only 27 reports citing 38 adjustments--10 planned and 28 completed--linked to the effects of the third phase of the 1966 amendments to the Fair Labor Standards Act were received (Table 1). This represents a sharp decline when compared with the 177 reports noting 372 adjustments received during the same period a year ago.

Most of the activity took place between September 1, 1968 and February 28, 1969. In these six months 25 reports covering 34 adjustments were received. One report with one adjustment was received in March and another report with 3 adjustments was received in May 1969. No reports were received in April, June, July, or August of 1969.

Twenty-three of the reports came from establishments located in the South and the other 4 reports came from establishments in the midwest. The adjustment most frequently cited was increased prices. Of 18 such increases, 16 had actually occurred, and two were planned. The second highest number of adjustments--five--involved employee layoffs or discharges. None of the three planned layoffs occurred. In fact, employment in all three establishments was higher at the time of the follow-ups than at the time of the initial report. The two completed layoffs involved a total of 8 employees. The follow-up of the one reported closing--a pickup station for a laundry and drycleaning establishment which had employed two workers--revealed that the establishment had not reopened.

The paucity of reported adverse effects resulting from the third phase of the 1966 amendments to the FLSA is an indication of the ease with which adjustments to the new standards were made.

Prices

General price changes

The phased escalation of the minimum wage provided for in the 1966 amendments to the FLSA occurred during periods of generally rising prices. The upward spiral of prices, however, began in 1966, prior to the enactment of the amendments. It would, therefore, be inappropriate to attribute responsibility to the minimum wage for any significant movements in overall prices. This may be shown by comparing price increases in the Consumer Price Index (all items) during the first half of 1967, 1968 and 1969--periods which bracket the February 1 effective dates of the minimum wage increases--with price movements during the same period in 1966 when there was no change in the Federal minimum wage. During the January-June 1966 period, when price changes could not be attributed to changes in the level of the minimum wage, prices rose 1.7 precent, while in the comparable periods in 1967, 1968 and 1969, the increases were 1.1, 1.9 and 2.8 percent, respectively. Thus, not until the 1968 period was the price increase in the CPI higher than in the comparable period in 1966. The 2.8 percent price increase between January and June 1969 is more properly attributable to the general price surge. It should also be noted that the increase in the minimum wage during this period affected only the "new" coverage group which comprises a relatively small segment of the Nation's work force concentrated largely in retail trade and the service industries.

The upward movement in wholesale prices was slower than that for consumer prices. Between January and June of 1966, the Wholesale Price Index increased by 1 percent compared with only 0.1, 1.4 and 2.3 percent for the comparable periods in 1967, 1968 and 1969, respectively. The price increase for industrial commodities in the first half of 1966 was 1.4 percent compared with the lower increases of 0.2, 0.9 and 1.2 percent for the same periods in 1967, 1968 and 1969, respectively. Moreover, the 1.2 percent increase in 1969 cannot be attributed to the minimum wage since the index represents commodities produced by a segment of the "old" coverage group for which there was no minimum wage increase in 1969. Farm products and processed foods prices showed no movement in the first half of 1966 and a slight drop of 0.2 percent in the same period in 1967 but increased 2.6 and 5.2 percent during the comparable period in 1968 and 1969, respectively.

Selected consumer services

The Wage and Hour and Public Contracts Divisions requested the Bureau of Labor Statistics to provide price trend data for seven consumer services, on a South and non-South division in order to provide additional information on price changes occurring during the period in which the first three phases of the 1966 amendments were to become effective. Price data were collected separately for the South because that area was expected to experience the greatest impact from changes in the minimum wage.

The seven consumer services selected for study are offered, mainly, by establishments newly covered by the 1966 amendments to the Fair Labor Standards Act--restaurants, hotels, laundries, and hospitals. Consumer price data for the selected services were collected from September 1966 to September 1969--a 37-month period beginning 5 months prior to the effective date of the $1.00 minimum wage for newly covered establishments and ending 8 months after the effective date of the $1.30 minimum wage.

Prices for each of the seven consumer services increased significantly in both the South and areas outside the South between September 1966 and September 1969. Hospital daily service charges exhibited the largest increase in both areas--54 percent in the South and 51 percent in non-South areas (Table 2). Flatwork laundering registered a pronounced increase of 38 percent in the South while the increase in the non-South area was somewhat more moderate, at about 20 percent. Except for hotel or motel room rates in both areas and local transit fares in the South, the price increases for the other consumer services did not exceed 20 percent.

An examination of price changes between the December before each change in the Federal minimum and the March immediately after such a change, from 1966 through 1969, shows that price increases ranged from 0.2 percent to 3 percent for 4 of the 7 consumer services in both areas--slightly over one-half of the price increases were higher in the South than in the rest of the Nation. The exceptions to this range were hospital daily service charges, local transit fares, and flatwork laundering. Insofar as hospital charges are concerned, price advances resulted mostly from salary increases to professional and technical personnel, increased capital expenditures, more extensive use of expensive medical equipment and increased medical supply costs. The 4.7 percent boost in local transit fares recorded in the South between December 1967 and March 1968 appears to have been a case of a single large adjustment to make up for the June to December 1967 period of no price changes. The increases in laundering flatwork prices in the South were 3.6 percent between December 1967 and March 1968 and 7.9 percent for the similar period in the following year. Such price increases may have been due in part to increases in the minimum wage since wages in laundries have traditionally been among the lowest in the economy. It is noteworthy, however, that except for flatwork and men's shirts laundering, the other selected services exhibited some price increases in other periods which were higher than those in the December to March periods.

The steady upward movement of prices during the period studied reflects a continuation of the rising trend in prices which was in motion prior to the enactment of the 1966 amendments. There are strong indications that other factors, although possibly not entirely exclusive of minimum wage escalations, were major causes of price increases occurring during the period studied.

Table 1. Number of field reports received relating to the effects of the third phase of the 1966 amendments and adjustments noted, by industry and kind of business, September 1968 - August 1969

Industry and kind of business	Number of reports	Number of adjustments			Adjustments									
					Plant closed		Layoff or discharge		Change method of wage payment		Increase prices		Other	
		All	Planned	Completed	Planned	Completed	Planned	Completed	Planned	Completed	Planned	Completed	Planned	Completed
Total	27	38	10	28	1		3	2		3	2	16	4	7
Services														
Hotels	1	2		2						1		1		
Hospitals	4	6	2	4			1			1		2	1	1
Laundry and drycleaning	2	3	2	1	1			1					1	
Nursing homes	8	8		8								8		
School cafeterias	5	5	1	4								4	1	
Agriculture														
Farms	3	5	3	2			2	1					1	1
Transportation														
Taxicabs	2	2	2								2			
Ambulance service	1	3		3					1					2
Wholesale trade	1	4		4								1		3

Source: Wage and Hour and Public Contracts Divisions.

Table 2. Consumer price trends for selected services, South and non-South, specified months 1966, 1967, 1968, and 1969

(September 1966=100)

Service	December 1966	March 1967	June 1967	September 1967	December 1967	March 1968	June 1968	September 1968	December 1968	March 1969	June 1969	September 1969
Food away from home:												
South	101.9	102.8	103.8	104.9	106.1	106.8	108.9	110.6	112.7	114.0	115.8	117.7
Non-South	101.2	102.4	103.6	105.0	106.3	107.4	108.9	110.8	112.1	113.2	115.2	117.8
Hotel or motel room rates:												
South	101.5	103.3	105.8	106.9	107.4	108.5	112.7	114.0	113.9	116.4	119.5	122.2
Non-South	100.3	100.9	102.6	105.1	104.9	106.8	109.5	112.1	112.3	114.7	117.3	121.7
Laundry, flatwork:												
South	107.1	110.3	113.4	113.9	116.1	120.3	121.6	123.7	124.8	134.7	137.1	138.0
Non-South	101.7	103.1	104.6	104.4	105.9	108.2	109.5	111.4	113.6	115.1	116.9	119.6
Laundry, men's shirts:												
South	104.2	105.6	106.4	106.7	107.8	109.8	110.7	111.0	112.3	115.7	117.9	118.4
Non-South	103.2	103.7	104.5	105.1	105.7	107.6	108.5	109.1	111.1	112.5	112.5	113.5
Drycleaning, men's and women's:												
South	103.6	104.5	104.8	105.2	105.6	107.6	108.7	109.6	111.0	112.2	114.2	114.8
Non-South	101.4	101.6	103.0	102.9	103.9	104.2	106.5	107.4	109.0	110.1	110.3	112.3
Local transit fares:												
South	100.0	102.4	104.5	104.5	104.5	109.4	110.9	111.8	118.2	119.8	120.1	123.0
Non-South	100.1	100.5	101.0	102.1	104.7	106.1	106.5	106.7	111.6	114.6	115.6	116.6
Hospital daily service charges:												
South	103.9	112.9	116.6	118.6	123.9	129.5	130.4	135.1	142.0	146.9	148.9	153.9
Non-South	106.8	112.4	115.7	118.1	121.9	126.6	130.0	133.9	137.4	143.5	146.4	150.9

Source: Data compiled by the Bureau of Labor Statistics for WHPC.

SPECIAL STUDIES

Four studies were completed during 1969 relating to the effects of improved labor standards prescribed by the 1966 amendments to the Fair Labor Standards Act.

Comprehensive surveys were completed in educational institutions and non-Federal hospitals, two newly covered relatively low wage industries, where minimum wage and overtime protection was extended to nonsupervisory employees in public as well as private establishments. The survey of educational institutions provides data for two payroll periods--one before and one after the effective date of the $1.30 minimum wage and 40-hour workweek standard. The hospital survey relates to a period shortly after the establishment of the $1.30 minimum and 40-hour workweek. Data for a period before coverage was extended to the industry are available from an earlier study conducted in July 1966.

The research package this year also includes the final report on the findings in the two-part study of overtime exemptions currently available under the Fair Labor Standards Act to agricultural handling and processing industries. A partial summary of the findings for industries that qualified for 14 weeks of limited overtime exemption under section 7(c) or section 7(d) was included in last year's 4(d) report to the Congress.

Short resumes of the more significant findings in these studies are presented below.

Educational Institutions

Effects of the $1.30 minimum wage

Workers affected

One out of seven of the 2.1 million nonsupervisory nonteaching employees working in educational institutions in October 1968 was paid below the $1.30 minimum wage which became effective on February 1, 1969. One-third of all schools had one or more employees paid less than $1.30 an hour and these schools employed three-fifths of all nonsupervisory workers. The South accounted for 59 percent of the employees paid less than the new minimum even though this region employed less than a third of the Nation's nonsupervisory work force. The workers affected were largely concentrated in nonmetropolitan areas which accounted for 63 percent of these employees but only one-third of all nonsupervisory personnel. Seventy-seven percent of the employees paid under $1.30 an hour worked in public schools although a greater proportion of the nonsupervisory work force in private schools required pay raises. Elementary and secondary schools employed three-fifths of all nonsupervisory employees,

but a larger number of the workers affected were employed by institutions of higher learning. Tabulations for selected occupations show that the greatest number of nonsupervisory employees requiring wage increases fell into the residual category which included such occupations as practical nurses, teacher's aides, and salaried student aides.

Wage bill increases required by the $1.30 minimum wage

Nationwide, 68 percent of all schools which employed 39 percent of all nonsupervisory employees did not have to raise the wages of any of their nonsupervisory employees to comply with the new minimum wage. The average weekly wage bill increase for all schools was 0.6 percent. Schools in the South experienced the largest wage bill increase--1.4 percent--while the wage bill rose by 0.5 percent for schools in the North Central region and by 0.1 percent in the Northeast and the West.

Employment changes

Employment for the nonsupervisory personnel in educational institutions showed a moderate increase of 3 percent between the October 1968 and March 1969 survey periods. The employment gains were highest in the Northeast--4.8 percent--and lowest in the West--2.4 percent. Employment in the South, the area of greatest impact of the new minimum, increased 2.5 percent. By area and type of school, the categories with the greatest concentration of nonsupervisory employees also experienced the largest percent increases in employment. They include metropolitan areas, public schools, and elementary and secondary schools.

Changes in the wage structure

The wage adjustments occurring between October 1968 and March 1969 were almost entirely limited to bringing the workers paid below the new minimum up to the $1.30 an hour wage level. Nationwide, the proportion of nonsupervisory employees paid less than $1.30 an hour decreased by 13 percentage points while the proportion in the 5-cent wage interval just above this level increased by 11 percentage points. As a result, average hourly earnings increased only 4 cents from $2.20 an hour to $2.24. This pattern prevailed in the four regions, in metropolitan and nonmetropolitan areas, in the various types of schools and in the selected occupations.

Changes in hours worked

Between October 1968 and March 1969, average weekly hours of work changed most for employees at both ends of the distribution--those working under 15 hours a week and those working over 40 hours per week. The proportion of employees working less than 15 hours per week increased by 4 percent. Although the number of employees working more than 40 hours per week decreased 16 percent, the average number of overtime hours worked per week remained unchanged at 4.6 hours. Between October 1968 and March 1969, average weekly hours decreased from 27.5 to 27.0.

A comparison of the change in aggregate hours worked by average hourly earnings and weekly hours of work for the South and the non-South shows that both these areas experienced declines in aggregate hours worked by employees on long workweeks (over 40 hours) in all wage intervals. Aggregate hours also declined for workweeks of between 35 and 40 hours for employees paid less than $1.45 an hour in both areas.

Changes in matched school units

Separate tabulations were prepared for 34,500 schools that provided data for both survey periods--October 1968 and March 1969. In 23,400 of these schools, none of the employees were paid less than the new minimum wage. The remaining 11,100 had at least one employee paid below the $1.30 minimum wage. These schools were distributed according to whether they experienced a low, medium, or high wage bill increase to comply with the $1.30 minimum wage to determine the relative effects of the wage bill increase on wage structure, employment and hours worked. In all three groups, changes in the wage structure were, by and large, limited to bringing the wages of workers paid below the new minimum up to the $1.30 an hour wage level. Employment increased in all three impact groups, but the largest proportionate increase occurred in the high impact schools, second only to the no impact group. The proportion of employees paid less than $1.45 an hour decreased less and the proportions of employees paid $1.60 or more per hour increased more in schools which experienced a high wage impact than in those with medium and low wage bill impact.

Implications of the $1.45 minimum wage effective February 1, 1970

Based on the wage data for the March 1969 survey week, 522,000 employees or about one-fourth of the work force will require a wage increase to meet the $1.45 an hour minimum wage which will become effective on February 1, 1970. The new minimum wage is

expected to have a somewhat greater impact than the $1.30 an hour minimum wage. The wage bill increase for all schools required by the $1.45 minimum wage will be 1.0 percent. Schools in the South which employed over half of the nonsupervisory employees paid less than $1.45 an hour in March 1969 will have to raise their weekly wage bill by 2.3 percent to comply with the new minimum wage. Half of the Nation's schools employing one quarter of the nonsupervisory work force will not have to raise the wages of any of their employees to comply with the $1.45 Federal minimum wage.

Supplementary pay provisions March 1969

Since supplementary pay provisions for "fringe benefits" represent an important part of a worker's total compensation, data were collected on the degree to which these benefits were made available to workers in four occupational groups--office clerical, food service, custodial, and skilled maintenance employees. A sizeable proportion of these employees worked in educational institutions with premium overtime pay provisions which exceeded the standards established under the FLSA. Paid holidays were extended to 9 out of 10 office clerical, custodial, and skilled maintenance employees and to six-tenths of all food service workers. Most nonsupervisory employees were also granted paid vacations. Sick leave, retirement pensions, hospitalization insurance, and surgical insurance were the most frequently provided fringe benefits.

Unionization

A relatively small proportion of the nonsupervisory nonteaching employees in schools were covered by collective bargaining agreements.

Non-Federal Hospitals

Effects of the $1.30 minimum wage

Wage changes

Adjustment to the $1.30 Federal minimum wage was evidently eased by a combination of many interrelated factors such as increases in State minimum wage rates, collective bargaining, manpower shortages, and the general increases in wages and salaries over the 1966-1969 period.

In July 1966, 2 years and 7 months before the $1.30 an hour Federal minimum wage rate became effective on February 1, 1969, 19 percent of

the nonsupervisory employees in non-Federal hospitals were paid less than $1.30 an hour. In March 1969, virtually all nonsupervisory employees in non-Federal hospitals were paid at least $1.30 an hour, one month after that Federal minimum became effective.

Only 7 percent of the nonsupervisory employees in the South were paid within 5 cents of the legal rate, or between $1.30 and $1.35 an hour, in March 1969, while the proportion was 2 percent in the North Central and Western regions and less than one-half of one percent in the Northeast.

Moreover, employers were already paying all but 12 percent of the employees $1.60 an hour or more in March 1969, nearly two years before the $1.60 Federal minimum is scheduled to go into effect. Even in the region of greatest impact--the South--there was a 13 percentage-point increase between 1966 and 1969 in the number of nonsupervisory employees earning between $1.60 and $2.00 an hour.

Employment changes

Nonsupervisory employment increased by one-sixth between July 1966 and March 1969. Employment increased in each of the four regions surveyed, with the largest increase (21 percent) in that region where the impact was greatest--the South. Nationwide, employment increased by one-fourth in nongovernment hospitals, which accounted for seven-tenths of the industry employment in March 1969, and remained about the same in State and local government hospitals.

Effects of the 40-hour workweek standard

The average workweek declined from 37.1 hours in the survey week in July 1966 to 35.5 hours in March 1969. The decrease reflects the combined effects of reductions in the maximum workweek standard from 44 hours effective February 1, 1967, to 42 hours effective February 1, 1968, and finally to 40 hours effective February 1, 1969, the increased use of part-time workers, and the general downward trend in average weekly hours of all private nonagricultural employees. In nongovernment hospitals the proportion of employees working more than 40 hours a week dropped from 16 percent in 1966 to 11 percent in 1969; the proportion in State and local government hospitals declined only slightly during the same time period.

Employment gains more than compensated for general workweek reductions and the total number of man-hours worked by non-Federal hospital employees increased 11 percent between 1966 and 1969.

Prevalence of the 14-day work schedule

The 1966 amendments to the FLSA provided a special exemption for hospital employees who may be compensated for their overtime, pursuant to prior agreement, on the basis of a 14-day work period at not less than one and one-half times the regular rate for all hours worked beyond 8 hours in any workday and after 80 hours in the 14-day work period. Over one-third of the non-Federal hospitals reported that they utilized the 14-day work schedule for some employees in March 1969. The 14-day work schedule was more prevalent in private than in public hospitals. Registered nurses and professional and technical employees were more likely to receive overtime premium pay on this basis than office clerical or other nonprofessional employees. In hospitals using the plan, nine-tenths of all full-time employees were nonsupervisory employees on a 14-day work schedule.

Implications of the $1.45 minimum to become effective February 1, 1970

On February 1, 1970, the Federal minimum wage for employees in non-Federal hospitals goes to $1.45 an hour. Based on the March 1969 wage distribution, the wages of about 137,000 employees, or 7 percent of the nonsupervisory work force, will be required to be raised to meet the new minimum. It is estimated that a 0.3 percent increase in the weekly wage bill will be required to raise the wages of nonsupervisory employees in non-Federal hospitals paid less than $1.45 an hour to that amount. Inasmuch as these estimates make no allowance for the value of perquisites or for changes in the wage structure in the ten and one-half month interval between March 1969 and February 1, 1970, they tend to overstate the magnitude of the cost. The estimated 0.3 percent wage bill increase is lower than the 0.4 percent increase required by the initial $1.00 an hour minimum which became effective on February 1, 1967.

In the South, where two-thirds of the employees earning less than $1.45 an hour were employed, the required wage bill increase to raise the wages of the 89,000 employees to that rate will amount to 0.8 percent, less than half of the 1.8 percent required by the initial $1.00 minimum in February 1967.

The minimum wage applicable to all newly covered employees is scheduled to go to $1.60 on February 1, 1971. Based on the March 1969 wage structure for non-Federal hospitals, and assuming no wage changes between that period and February 1, 1971, the $1.60 an hour Federal minimum wage will require an 0.8 percent increase in the weekly wage bill of the industry to bring the wages of all workers paid less than $1.60 an hour to that level. In the South, the required wage bill increase will be 2.3 percent. These are cumulative estimates and include the cost of bringing the wages of low-paid employees up to the $1.45 minimum on February 1, 1970.

Supplementary wage benefits

Three out of 10 employees worked in non-Federal hospitals in March 1969 with formal premium pay provisions for daily or weekly overtime hours worked which exceeded the minimum standards required under the Fair Labor Standards Act.

Fringe benefits such as paid holidays, paid vacations, and health, insurance, and pension plans were almost universally provided in both nongovernment and State and local government hospitals.

The practice of furnishing perquisites was not prevalent in non-Federal hospitals--only a fifth of the kitchen helpers were furnished meals and only a very small proportion of the workers in the six occupational groups for which separate data were collected were provided lodging.

Agricultural Handling and Processing Industries

The Fair Labor Standards Act currently provides a 14-week partial overtime exemption for agricultural handling and processing industries which have been found by the Secretary of Labor to be of a seasonal nature or characterized by marked annually recurring seasonal peaks of operation at places of first marketing or first processing of agricultural or horticultural commodities from farms within the meaning of section 7(c) or section 7(d) of the Act. If both sections 7(c) and 7(d) apply, the exemption period is limited to 20 workweeks, 10 weeks under each exemption. The exemptions are partial in that they are for limited periods of time and during exempt workweeks employees must be paid not less than one and one-half times their regular rate for daily hours worked in excess of 10 or for weekly hours worked in excess of 50 (section 7(c)) or 48 (section 7(d)).

A study of agricultural handling and processing industries was conducted to provide data useful in ascertaining the relative importance of the partial overtime exemption under section 7(c) and/or section 7(d) of the Fair Labor Standards Act and in assessing the relevance of selected factors which are often used to justify the continuance of these exemptions. Because of the complexity of the survey procedure, the study was done in two parts. The first part related to eight industries qualifying for 14 weeks of partial overtime exemption under section 7(c) or section 7(d) of the Act. The second part provided separate data for the four segments of the fresh fruit and vegetable industry and the four sugar cane processing areas--Louisiana, Florida, Hawaii and Puerto Rico. All industries included in the second part except sugar cane processing in Louisiana and Hawaii qualify for exemption under both sections 7(c) and 7(d). Sugar cane processors in Louisiana may claim exemption under section 7(c) only and those in Hawaii may not claim exemption under either section 7(c) or 7(d).

The survey data are also useful in evaluating the year-round exemptions available under sections 13(b)(14), (15) and (16) of the FLSA. The first of these is applicable to employees of small country elevators located within the area of production and the second, to employees engaged in ginning cotton for market in establishments located in counties where cotton is grown in commercial quantities, or in the processing of sugar beets, sugar-beet molasses and sugar cane into sugar. Section 13(b)(16) applies to employees engaged in certain transportation activities in the fresh fruit and vegetable industries.

Findings and recommendations

The survey findings clearly indicate that consideration should be given to the phasing out of the overtime exemptions currently available to the agricultural handling and processing industries under sections 7(c) and 7(d) of the Fair Labor Standards Act, even though this would affect a significant proportion of man-hours in two of the industries studied. Although focusing primarily on sections 7(c) and 7(d) of the Act, the survey data also indicate that there is no sound basis for the continuation of the year-round exemptions available under sections 13(b)(14), (15), and (16) of the Act nor for the overlap that presently exists between the exemptions under sections 7(c) and/or 7(d) and those under section 13(b).

The favored position held for three decades by agricultural handlers and processors because of full and partial exemption from the 40-hour weekly overtime standard applicable to most industries covered by the FLSA needs reexamination:

1. Existing exemptions are not fully utilized. The degree of utilization, however, varied among the industries studied--it was markedly higher in two of the industries than in the rest.

2. Many establishments are presently paying premium rates of not less than one and one-half times the regular rate for hours worked in excess of 40 a week. Consequently, the continued existence of seasonal variations or the prevalence of long employee workweeks is not necessarily a conclusive indicator of the need for an overtime exemption.

3. Under the current exemptions provisions, some industries that qualify for 20 weeks of exemption under sections 7(c) and 7(d) appear to be less seasonal than others that qualify for only 14 weeks of exemption either under section 7(c) or section 7(d).

4. A universal 40-hour workweek standard would remove intra-industry inequities which currently exist for employers who pay premium rates for hours over 40 because such rates are required in labor-management agreements, or to maintain a competitive position in a specific labor market area, or simply because they believe in fair labor standards.

5. The use of second and third shifts could be increased in some industries. This is one adjustment that could be made to ease the pressure of intensive deliveries of raw materials in relatively short periods of time while at the same time reducing the need for employee workweeks in excess of 40 hours.

6. In some of the agricultural processing industries, the processing period has been lengthened as a result of technological advances in methods of extending the storage life of perishable products through temporary treatment such as fast freezing, cold storing, waxing and the use of chemicals. Control over the length of the processing season is also exerted through the grower-processor contract which often permits the processor to specify the precise time for planting, harvesting and delivery.

7. There was a sharp drop in man-hours over 40 a week during the periods the exemptions were most likely to be claimed. The drop in man-hours over 40 a week generally occurred before the expiration of the exemption period. Thus, over the exemption period presently provided--14 weeks or 20 weeks--the exemptions declined in importance to handlers and processors as man-hours over 40 a week diminished. This indicates that a gradual annual cut back in the length of the exemption period would provide for orderly adjustment to the standard applied in other industries 30 years ago.

COVERAGE UNDER THE FAIR LABOR STANDARDS ACT - FEBRUARY 1, 1970

Employee Coverage

Minimum wage

As of February 1, 1970, it is estimated that 46.3 million nonsupervisory employees are covered by the minimum wage provisions of the Fair Labor Standards Act. Of this number, 3.1 million are Federal, State and local government employees and the remainder is in the private sector.

Of the 46.3 million workers subject to the minimum wage provisions of the Act, 36.1 million are required to be paid at least $1.60 an hour. For the remaining 10.2 million employees, the wage rate for 9.7 million nonfarm employees is $1.45 an hour and for one-half million farm workers it is $1.30 an hour.

Approximately 16.5 million nonsupervisory workers are not covered by the Fair Labor Standards Act. Government employees account for 4.7 million of these noncovered workers. The remaining 11.8 million in the private sector include 6.6 million employees in small retail and service establishments, over a half million workers on all but the largest farms and over 2 million domestics.

State minimum wage laws or orders establish minimum wage standards for some of the workers outside the protection of the Federal statute. Of the 11.8 million private nonsupervisory workers not protected by the Fair Labor Standards Act, however, 7.7 million are not protected by State statutes either (Tables 3 and 4).

The extension of coverage incorporated in the 1966 amendments to the Fair Labor Standards Act was relatively more important for Negroes and other races than for whites and for women than for men. Prior to the 1966 amendments, only half of Negro and other races nonsupervisory workers in the private sector were covered; now the proportion is almost two-thirds. For women, the proportion was slightly more than half before the amendments; now the proportion is almost three-quarters. In the case of female Negro and other races, however, there is still a high proportion of workers who have no wage protection as neither the Federal statute nor most State statutes extend coverage to domestics (Table 5).

In Puerto Rico minimum wage coverage under the Fair Labor Standards Act comprises 78 percent of total nonsupervisory workers in the private sector, approximately the same proportion as in the States. However, the distribution of covered employees by industry is quite different. In Puerto Rico, agriculture accounts for 12 percent of all coverage. The Commonwealth minimum wage law covers about four-fifths of those not covered by the Fair Labor Standards Act (Table 6).

Overtime coverage

Approximately 40.2 million workers are subject to the overtime provisions of the Fair Labor Standards Act. This is 6 million less than the number afforded minimum wage protection. Included in this count of 6 million are some seasonal workers to whom overtime standards apply for part of their work year, week or day (Tables 7 and 8).

Establishment Coverage

There are approximately 1.9 million establishments employing workers subject to the minimum wage provisions of the Fair Labor Standards Act. Included in this number are 637,000 establishments which were brought within the scope of the Act by the 1966 amendments (Table 9).

Wage Changes Required on February 1, 1970

On February 1, 1970, wage increases will be required for 2.1 million nonfarm workers in newly covered activities brought under the Fair Labor Standards Act by the 1966 amendments. Raises will be granted to about a fifth of all newly covered nonfarm workers who are currently being paid less than $1.45 an hour.

To raise the wages of the 2.1 million workers paid less than $1.45 an hour to that level will require an increase of about half a billion dollars in the annual wage bill. This represents an increase of one percent in the wage bill of the newly covered segment (Table 10).

Table 3. Estimates of the status of nonsupervisory employees under the minimum wage provisions of the Fair Labor Standards Act and under State minimum wage laws and orders, by industry, as of February 1, 1970 a/

(in thousands)

Industry	Total number of nonsupervisory employees	Employees covered by the FLSA			Not covered by the FLSA	Covered by State laws only b/	Not covered by the FLSA or State laws
		Total number covered	Number covered prior to 1966 amendments	Number covered by 1966 amendments			
United States	62,763	46,255	35,366	10,889	16,508	4,890	11,618
Private sector	54,897	43,114	35,366	7,748	11,783	4,107	7,676
Agriculture, forestry and fisheries	1,273	620	22	598	653	82	571
Mining	570	565	565	-	5	2	3
Contract construction	3,444	3,409	2,843	566	35	11	24
Manufacturing	18,381	17,793	17,722	71	588	99	489
Transportation, communications, utilities	4,164	4,095	3,987	108	69	35	34
Wholesale trade	3,524	2,686	2,561	125	838	66	772
Retail trade	9,948	5,803	3,284	2,519	4,145	2,258	1,887

Table 3. Estimates of the status of nonsupervisory employees under the minimum wage provisions of the Fair Labor Standards Act and under State minimum wage laws and orders, by industry, as of February 1, 1970 a/ (Concluded)

(in thousands)

Industry	Total number of nonsupervisory employees	Employees covered by the FLSA			Not covered by the FLSA	Covered by State laws only b/	Not covered by the FLSA or State laws
		Total number covered	Number covered prior to 1966 amendments	Number covered by 1966 amendments			
Finance, insurance, real estate	3,119	2,349	2,349	-	770	141	629
Services (excluding domestic service)	8,289	5,794	2,033	3,761	2,495	1,413	1,082
Domestic service	2,185	-	-	-	2,185	-	2,185
Public sector	7,866	3,141	-	3,141	4,725	783	3,942
Federal government	2,440	729	-	729	1,711 c/	-	1,711
State and local government	5,426	2,412	-	2,412	3,014	783	2,231

a/ Estimates are based on employment data for 1969. All employees are included except academic administrative personnel and teachers in elementary and secondary schools and executive, administrative and professional employees in all other activities.

b/ Estimates of employees covered by State minimum wage laws only are for those States having minimum wage laws or orders enacted or revised from 1962 to December 1, 1969. Only 5 States have provided minimum wage protection for domestics and in all but one of these States the employer is exempted if he has less than four, five or six workers. Only the State of Wisconsin has no employee size test for coverage.

c/ The lowest scale of the statutory pay systems for Federal employees not covered by the Fair Labor Standards Act exceeds the $1.60 minimum wage provided by the Act for employees covered prior to the 1966 amendments.

Wage and Hour and Public Contracts Divisions

Table 4. Estimates of the status of nonsupervisory employees under the minimum wage provisions of the Fair Labor Standards Act and under State minimum wage laws and orders, by State, as of February 1, 1970 a/

(in thousands)

Region and State	Total number of nonsupervisory employees in the private sector	Employees covered by the FLSA in the private and public sectors			Nonsupervisory employees in the private sector		
		Total number covered b/	Number covered prior to 1966 amendments	Number covered by 1966 amendments b/	Not covered by the FLSA	Covered by State laws only c/	Not covered by the FLSA or State laws
ALL REGIONS	54,897	46,255	35,366	10,889	11,783	4,107	7,676
Domestic workers	2,185	-	-	-	2,185	-	2,185
ATLANTA	4,444	3,873	2,965	908	877	139	738
Florida	1,440	1,206	834	372	346	-	346
Georgia	1,104	985	773	212	201	-	201
North Carolina	1,308	1,147	931	216	230	139	91
South Carolina	592	535	427	108	100	-	100
BIRMINGHAM	2,347	2,026	1,503	523	488	42	446
Alabama	718	634	489	145	137	-	137
Arkansas	438	357	249	108	107	42	65
Louisiana	776	668	503	165	162	-	162
Mississippi	415	367	262	105	82	-	82
BOSTON	3,499	3,056	2,358	698	583	456	127
Connecticut	935	824	667	157	139	136	3
Maine	239	214	157	57	42	11	31
Massachusetts	1,755	1,522	1,160	362	301	234	67
New Hampshire	198	173	131	42	33	26	7
Rhode Island	259	234	179	55	40	31	9
Vermont	113	89	64	25	28	18	10

Table 4. Estimates of the status of nonsupervisory employees under the minimum wage provisions of the Fair Labor Standards Act and under State minimum wage laws and orders, by State, as of February 1, 1970 a/ (Continued)

(in thousands)

Region and State	Total number of nonsupervisory employees in the private sector	Employees covered by the FLSA in the private and public sectors			Nonsupervisory employees in the private sector		
		Total number covered b/	Number covered prior to 1966 amendments	Number covered by 1966 amendments b/	Not covered by the FLSA	Covered by State laws only c/	Not covered by the FLSA or State laws
CHICAGO	12,387	10,951	8,768	2,183	2,035	666	1,369
Illinois	3,416	3,000	2,421	579	569	-	569
Indiana	1,422	1,289	1,043	246	211	91	120
Michigan	2,335	2,102	1,688	414	365	260	105
Minnesota	988	839	633	206	200	86	114
Ohio	3,072	2,720	2,205	515	482	141	341
Wisconsin	1,154	1,001	778	223	208	88	120
DALLAS	3,444	2,968	2,184	784	732	418	314
New Mexico	184	168	105	63	39	23	16
Oklahoma	520	460	320	140	118	13	105
Texas	2,740	2,340	1,759	581	575	382	193
KANSAS CITY	3,896	3,315	2,371	944	861	132	729
Colorado	504	449	301	148	101	24	77
Iowa	645	536	387	149	151	-	151
Kansas	484	411	295	116	109	-	109
Missouri	1,245	1,063	831	232	248	-	248
Montana	146	120	74	46	38	-	38
Nebraska	344	281	202	79	82	40	42
North Dakota	106	83	47	36	33	21	12
South Dakota	109	85	51	34	33	22	11
Utah	233	221	142	79	45	10	35
Wyoming	80	66	41	25	21	15	6

Table 4. Estimates of the status of nonsupervisory employees under the minimum wage provisions of the Fair Labor Standards Act and under State minimum wage laws and orders, by State, as of February 1, 1970 a/ (Continued)

(in thousands)

Region and State	Total number of nonsupervisory employees in the private sector	Employees covered by the FLSA in the private and public sectors			Nonsupervisory employees in the private sector		
		Total number covered b/	Number covered prior to 1966 amendments	Number covered by 1966 amendments b/	Not covered by the FLSA	Covered by State laws only c/	Not covered by the FLSA or State laws
NASHVILLE	3,053	2,721	2,064	657	569	115	454
Kentucky	662	579	429	150	136	91	45
Tennessee	989	872	689	183	178	-	178
Virginia	1,023	929	678	251	192	-	192
West Virginia	379	341	268	73	63	24	39
NEW YORK	7,470	6,511	5,157	1,354	1,304	936	368
New Jersey	1,971	1,721	1,401	320	320	229	91
New York	5,499	4,790	3,756	1,034	984	707	277
PHILADELPHIA	4,709	4,198	3,279	919	763	519	244
Delaware	162	144	116	28	27	20	7
District of Columbia	291	257	165	92	70	55	15
Maryland	914	806	602	204	176	87	89
Pennsylvania	3,342	2,991	2,396	595	490	357	133

Table 4. Estimates of the status of nonsupervisory employees under the minimum wage provisions of the Fair Labor Standards Act and under State minimum wage laws and orders, by State, as of February 1, 1970 a/ (Concluded)

(in thousands)

Region and State	Total number of nonsupervisory employees in the private sector	Employees covered by the FLSA in the private and public sectors			Nonsupervisory employees in the private sector		
		Total number covered b/	Number covered prior to 1966 amendments	Number covered by 1966 amendments b/	Not covered by the FLSA	Covered by State laws only c/	Not covered by the FLSA or State laws
SAN FRANCISCO	7,463	6,636	4,717	1,919	1,386	684	702
Alaska	48	48	31	17	10	7	3
Arizona	399	362	232	130	68	-	68
California	5,149	4,570	3,317	1,253	951	426	525
Hawaii	201	186	103	83	40	30	10
Idaho	153	128	84	44	35	24	11
Nevada	138	121	76	45	26	26	-
Oregon	533	465	336	129	98	70	28
Washington	842	756	538	218	158	101	57

a/ Estimates are based on employment data for 1969. All employees are included except academic administrative personnel and teachers in elementary and secondary schools and executive, administrative and professional employees in all other activities.

b/ Includes the estimated 3,141,000 State and local government employees, Federal wage board workers and Federal employees paid from nonappropriated funds who were added to coverage by the 1966 amendments.

c/ Estimates of employees covered by State minimum wage laws only are for those States having minimum wage laws or orders enacted or revised from 1962 to December 1, 1969. Only 5 States have provided minimum wage protection for domestics and in all but one of these States the employer is exempted if he has less than four, five or six workers. Only the State of Wisconsin has no employee size test for coverage.

Wage and Hour and Public Contracts Divisions

Table 5. Estimated number of nonsupervisory employees subject to the minimum wage provisions of the Fair Labor Standards Act, by sex and color, as of February 1, 1970 a/

(in thousands)

Sex and color	Total number of nonsupervisory employees in the private sector	Coverage status under the FLSA of employees in the private sector						
		Total number covered		Number covered prior to 1966 amendments		Number covered by the 1966 amendments		Not covered by FLSA
		Number	Percent of total nonsupervisory employees	Number	Percent of total nonsupervisory employees	Number	Percent of total nonsupervisory employees	
United States	54,897	43,114	78	35,366	64	7,748	14	11,783
White	47,944	38,482	80	31,856	66	6,626	14	9,462
Other races	6,953	4,632	66	3,510	50	1,122	16	2,321
Negro	6,488	4,294	66	3,263	50	1,031	16	2,194
Male	34,228	27,778	81	24,098	70	3,680	11	6,450
White	30,401	24,589	81	21,456	71	3,133	10	5,812
Other races	3,827	3,189	83	2,642	69	547	14	638
Negro	3,543	2,972	84	2,479	70	493	14	571
Female	20,669	15,336	74	11,268	54	4,068	20	5,333
White	17,543	13,893	79	10,400	59	3,493	20	3,650
Other races	3,126	1,443	46	868	28	575	18	1,683
Negro	2,945	1,322	45	784	27	538	18	1,623

a/ Estimates are based on employment data for 1969. All employees in the private sector are included except academic administrative personnel and teachers in elementary and secondary schools and executive, administrative and professional employees in all other activities. Estimates by sex and color of the estimated 3,141,000 government employees added to coverage by the 1966 amendments could not be derived from available data.

Wage and Hour and Public Contracts Divisions

Table 6. Estimate of the status of nonsupervisory employees in Puerto Rico under the minimum wage provisions of the Fair Labor Standards Act and under the Commonwealth minimum wage law, by industry, as of February 1, 1970 a/

(in thousands)

Industry	Total nonsupervisory employees in the private sector	Employees covered by the FLSA in the private and public sectors			Nonsupervisory employees in the private sector		
		Total number covered b/	Number covered prior to the 1966 amendments	Number covered by the 1966 amendments b/	Not covered by the FLSA	Covered by the Commonwealth law only	Not covered by the FLSA or the Commonwealth law
Total	395.5	332.5	224.2	108.3	87.5	71.6	15.9
Agriculture, forestry and fisheries	65.6	40.8	0.7	40.1	24.8	24.8	-
Mining	0.9	0.8	0.8	-	0.1	0.1	-
Contract construction	42.2	42.2	39.6	2.6	-	-	-
Manufacturing	126.9	120.4	115.9	4.5	6.5	6.5	-
Transportation, communications, utilities	14.5	13.8	13.7	0.1	0.7	0.7	-
Wholesale trade	19.3	14.8	13.7	1.1	4.5	4.5	-
Retail trade	54.5	31.1	18.0	13.1	23.4	23.4	-

Table 6. Estimate of the status of nonsupervisory employees in Puerto Rico under the minimum wage provisions of the Fair Labor Standards Act and under the Commonwealth minimum wage law, by industry, as of February 1, 1970 a/ (Concluded)

(in thousands)

Industry	Total nonsupervisory employees in the private sector	Employees covered by the FLSA in the private and public sectors			Nonsupervisory employees in the private sector		
		Total number covered b/	Number covered prior to the 1966 amendments	Number covered by the 1966 amendments b/	Not covered by the FLSA	Covered by the Commonwealth law only	Not covered by the FLSA or the Commonwealth law
Finance, insurance, real estate	16.2	12.4	11.8	0.6	3.8	3.8	-
Services (excluding domestic service)	39.4	31.7	10.0	21.7	7.7	7.7	-
Domestic service	16.0	-	-	-	16.0	0.1	15.9
Government	-	24.5	-	24.5	-	-	-

a/ Estimates are based on employment data for 1969. All employees are included except academic administrative personnel and teachers in elementary and secondary schools and executive, administrative and professional employees in all other activities.

b/ Includes the estimated 24,500 Commonwealth government employees, Federal wage board workers and Federal employees paid from nonappropriated funds who were added to coverage by the 1966 amendments.

Wage and Hour and Public Contracts Divisions

Table 7. Estimates of the status of nonsupervisory employees under the overtime compensation provisions of the Fair Labor Standards Act and State laws, by industry, as of February 1, 1970 a/

(in thousands)

Industry	Total number of nonsupervisory employees	Employees covered by the FLSA			Not covered by FLSA	Covered by State laws only b/	Not covered by FLSA or State laws
		Total number covered	Number covered prior to 1966 amendments	Number covered by the 1966 amendments			
United States	62,763	40,236	32,477	7,759	22,527	2,249	20,278
Private sector	54,897	37,198	32,477	4,721	17,699	2,006	15,693
Agriculture, forestry and fisheries	1,273	-	-	-	1,273	27	1,246
Mining	570	553	553	-	17	1	16
Contract construction	3,444	3,386	2,820	566	58	4	54
Manufacturing	18,381	17,146	17,108	38	1,235	112	1,123
Transportation, communications, utilities	4,164	2,295	2,265	30	1,869	141	1,728
Wholesale trade	3,524	2,447	2,361	86	1,077	38	1,039
Retail trade	9,948	4,132	2,994	1,138	5,816	902	4,914
Finance, insurance, real estate	3,119	2,348	2,348	-	771	58	713

Table 7. Estimates of the status of nonsupervisory employees under the overtime compensation provisions of the Fair Labor Standards Act and State laws, by industry, as of February 1, 1970 a/ (Concluded)

(in thousands)

Industry	Total number of nonsupervisory employees	Employees covered by the FLSA			Not covered by FLSA	Covered by State laws only b/	Not covered by FLSA or State laws
		Total number covered	Number covered prior to 1966 amendments	Number covered by the 1966 amendments			
Services (excluding domestic service)	8,289	4,891	2,028	2,863	3,398	723	2,675
Domestic service	2,185	-	-	-	2,185	-	2,185
Public sector	7,866	3,038	-	3,038	4,828	243	4,585
Federal government	2,440	729	-	729	1,711 c/	-	1,711
State and local government	5,426	2,309	-	2,309	3,117	243	2,874

a/ Estimates are based on employment data for 1969. All employees are included except academic administrative personnel and teachers in elementary and secondary schools and executive, administrative and professional employees in all other activities. Estimates of overtime coverage relate to employees who are protected by the overtime provisions throughout the year.

b/ Estimates of employees covered by State overtime laws only are for those States having overtime laws or orders enacted or revised to December 1, 1969. Only premium pay provisions which go into effect after 48 or less hours per week or 8 or less hours per day and require at least 1-1/2 times the employees' regular rate have been considered. Includes employees covered by a State premium pay provision, but who are prohibited by a State maximum hours provision from working overtime or who are prohibited from working overtime except during an "emergency." Only West Virginia has provided overtime premium pay coverage for domestics, and this law exempts employers with less than 6 employees.

c/ Federal employees, not covered by the overtime provisions of the Fair Labor Standards Act, and who are under the General Schedule of salary rates are paid 1-1/2 times the employees' regular rate from Grade 1 through the first step of Grade 10. Employees who are paid under the Postal Field Service schedule are paid 1-1/2 times their regular rate through level 7. Beyond this level employees are given compensatory leave equal to 1-1/2 hours per hour of overtime.

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Table 8. Estimates of the status of nonsupervisory employees under the overtime compensation provisions of the Fair Labor Standards Act and State laws, by State, as of February 1, 1970 a/

(in thousands)

Region and State	Total number of nonsupervisory employees in the private sector	Employees covered by the FLSA in the private and public sectors			Nonsupervisory employees in the private sector		
		Total number covered b/	Number covered prior to 1966 amendments	Number covered by 1966 amendments b/	Not covered by the FLSA	Covered by State laws only c/	Not covered by the FLSA or State laws
ALL REGIONS	54,897	40,236	32,477	7,759	17,699	2,006	15,693
Domestic workers	2,185	-	-	-	2,185	-	2,185
ATLANTA	4,444	3,359	2,699	660	1,390	-	1,390
Florida	1,440	962	713	249	589	-	589
Georgia	1,104	867	708	159	318	-	318
North Carolina	1,308	1,042	873	169	336	-	336
South Carolina	592	488	405	83	147	-	147
BIRMINGHAM	2,347	1,731	1,384	347	782	45	737
Alabama	718	567	457	110	204	-	204
Arkansas	438	286	229	57	178	45	133
Louisiana	776	568	452	116	261	-	261
Mississippi	415	310	246	64	139	-	139
BOSTON	3,499	2,728	2,225	503	905	441	464
Connecticut	935	752	638	114	211	206	5
Maine	239	185	142	43	71	18	53
Massachusetts	1,755	1,348	1,090	258	469	193	276
New Hampshire	198	153	125	28	52	-	52
Rhode Island	259	212	170	42	62	23	39
Vermont	113	78	60	18	40	1	39

Table 8. Estimates of the status of nonsupervisory employees under the overtime compensation provisions of the Fair Labor Standards Act and State laws, by State, as of February 1, 1970 a/ (Continued)

(in thousands)

Region and State	Total number of nonsupervisory employees in the private sector	Employees covered by the FLSA in the private and public sectors			Nonsupervisory employees in the private sector		
		Total number covered b/	Number covered prior to 1966 amendments	Number covered by 1966 amendments b/	Not covered by the FLSA	Covered by State laws only c/	Not covered by the FLSA or State laws
CHICAGO	12,387	9,735	8,128	1,607	3,224	-	3,224
Illinois	3,416	2,645	2,217	428	914	-	914
Indiana	1,422	1,150	976	174	348	-	348
Michigan	2,335	1,909	1,594	315	554	-	554
Minnesota	988	717	570	147	319	-	319
Ohio	3,072	2,440	2,057	383	758	-	758
Wisconsin	1,154	874	714	160	331	-	331
DALLAS	3,444	2,545	1,985	560	1,152	23	1,129
New Mexico	184	137	95	42	70	23	47
Oklahoma	520	398	292	106	180	-	180
Texas	2,740	2,010	1,598	412	902	-	902
KANSAS CITY	3,896	2,785	2,115	670	1,383	43	1,340
Colorado	504	370	269	101	179	36	143
Iowa	645	451	350	101	233	-	233
Kansas	484	347	262	85	172	-	172
Missouri	1,245	921	749	172	388	-	388
Montana	146	92	64	28	65	-	65
Nebraska	344	230	175	55	133	-	133
North Dakota	106	65	39	26	52	-	52
South Dakota	109	69	45	24	49	-	49
Utah	233	190	127	63	75	-	75
Wyoming	80	50	35	15	37	7	30

Table 8. Estimates of the status of nonsupervisory employees under the overtime compensation provisions of the Fair Labor Standards Act and State laws, by State, as of February 1, 1970 a/ (Continued)

(in thousands)

Region and State	Total number of nonsupervisory employees in the private sector	Employees covered by the FLSA in the private and public sectors			Nonsupervisory employees in the private sector		
		Total number covered	Number covered prior to 1966 amendments	Number covered by 1966 amendments b/	Not covered by the FLSA	Covered by State laws only c/	Not covered by the FLSA or State laws
NASHVILLE	3,053	2,399	1,888	511	890	24	866
Kentucky	662	506	390	116	209	-	209
Tennessee	989	782	641	141	267	-	267
Virginia	1,023	812	615	197	309	-	309
West Virginia	379	299	242	57	105	24	81
NEW YORK	7,470	5,785	4,780	1,005	1,994	378	1,616
New Jersey	1,971	1,542	1,303	239	498	378	120
New York	5,499	4,243	3,477	766	1,496	-	1,496
PHILADELPHIA	4,709	3,723	3,024	699	1,228	345	883
Delaware	162	128	106	22	43	-	43
District of Columbia	291	225	151	74	101	86	15
Maryland	914	712	554	158	270	-	270
Pennsylvania	3,342	2,658	2,213	445	814	259	555

Table 8. Estimates of the status of nonsupervisory employees under the overtime compensation provisions of the Fair Labor Standards Act and State laws, by State, as of February 1, 1970 a/ (Concluded)

(in thousands)

Region and State	Total number of nonsupervisory employees in the private sector	Employees covered by the FLSA in the private and public sectors			Nonsupervisory employees in the private sector		
		Total number covered b/	Number covered prior to 1966 amendments	Number covered by 1966 amendments b/	Not covered by the FLSA	Covered by State laws only c/	Not covered by the FLSA or State laws
SAN FRANCISCO	7,463	5,446	4,249	1,197	2,566	707	1,859
Alaska	48	42	27	15	17	7	10
Arizona	399	289	215	74	142	1	141
California	5,149	3,808	3,016	792	1,704	563	1,141
Hawaii	201	122	78	44	102	81	21
Idaho	153	88	63	25	75	21	54
Nevada	138	93	71	22	53	24	29
Oregon	533	376	297	79	187	10	177
Washington	842	628	482	146	286	-	286

a/ Estimates are based on employment data for 1969. All employees are included except academic administrative personnel and teachers in elementary and secondary schools and executive, administrative and professional employees in all other activities. Estimates of overtime coverage relate to employees who are protected by the overtime provisions throughout the year.

b/ Includes the estimated 3,038,000 State and local government employees, Federal wage board workers and Federal employees paid from nonappropriated funds who were added to coverage by the 1966 amendments.

c/ Estimates of employees covered by State overtime laws only are for those States having overtime laws or orders enacted or revised to December 1, 1969. Only premium pay provisions which go into effect after 48 or less hours per week or 8 or less hours per day and require at least 1½ times the employees' regular rate have been considered. Includes employees covered by a State premium pay provision but who are prohibited by a State maximum hours provision from working overtime or who are prohibited from working overtime except during an "emergency." Only West Virginia has provided overtime premium pay coverage for domestics, and this law exempts employers with less than six employees.

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Table 9. Estimated number of establishments with nonsupervisory employees subject to the minimum wage provisions of the Fair Labor Standards Act by industry, as of February 1, 1970 a/

(in thousands)

Industry	Total	Number covered prior to the 1966 amendments	Number covered by the 1966 amendments
United States	1,900.8	1,263.7	637.1
Agriculture, forestry and fisheries	32.1	.1	32.0
Mining	22.8	22.8	-
Contract construction	311.8	121.6	190.2
Manufacturing	250.6	249.6	1.0
Transportation, communications, utilities	150.5	148.7	1.8
Wholesale trade	295.4	290.7	4.7
Retail trade	232.8	93.6	139.2
Finance, insurance, real estate	182.7	182.7	-
Services	304.4	153.9	150.5
State and local government agencies b/	117.7	-	117.7

a/ Estimates are based on establishment and employment data for 1969. Excluded from the data are U. S. government agencies.

b/ Each hosiptal, nursing home, school, institution of higher education, publicly owned local transit corporation and each related central administrative function was given a single agency count.

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Table 10. Estimated number of employees covered by the FLSA prior to the 1966 amendments and employees added to coverage on February 1, 1967 and February 1, 1969 by the 1966 amendments and amount and percent increase in wage bills required to raise employees earning less than the applicable minimum rate to that rate on February 1, 1970

Coverage status and minimum wage rate	Estimated number of employees earning less than specified rates		Estimated annual wage bill increase		Total number of employees (thousands)	Projected annual wage bill (millions)
	Number (thousands)	Percent	Amount (millions)	Percent		
Total, all covered employees	2,143	4.6	$486	0.2	46,255	$263,879
Previously covered employees a/	-	-	-	-	35,366	214,828
Newly covered employees	2,143	19.7	486	1.0	10,889	49,051
Covered in 1967 to $1.45 b/	1,700	18.2	373	0.9	9,355 c/	42,628 c/
Covered in 1969 to $1.45	443	28.9	113	1.8	1,534	6,423

Note: Estimates based on employment in 1969 and earnings levels projected to February 1970. For tipped occupations, employee earnings include cash wages plus an allowance of 50 percent of the applicable minimum wage for tips.

a/ Previously covered employees became subject to the $1.60 minimum rate on February 1, 1968.

b/ Includes Federal government employees and nonsupervisory employees of public and private hospitals, primary and secondary schools and schools of higher education.

c/ Includes employment and wage bills for farm workers at a statutory minimum of $1.30 and Federal wage board and nonappropriated fund employees at $1.60 since February 1, 1968.

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